

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1298 - HB 1655

March 31, 2011

SUMMARY OF BILL: Prohibits any private act hospital from conditioning medical staff privileges at the hospital or an affiliate of such hospital on any economic criteria unrelated to quality of care or professional competence.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$100,000*

Assumptions:

- The proposed legislation applies only in counties in which a private act hospital has 55 percent or more of the total hospital discharges within the county during any one calendar year. It does not apply in any counties in which a private act hospital is the only hospital provider.
- Medical staff privileges are used as an incentive to keep providers in a hospital's network while minimizing the cost of the hospital's provider agreements. Preventing these privileges, except on the criteria of quality of care or professional competence, will increase local expenditures due to the higher cost of provider agreements.
- No direct cost impact on the TennCare program.
- There are a number of unknown factors that will affect the fiscal impact of the proposed legislation. A precise estimate is not possible, but it is reasonably estimated to result in an increase in local expenditures exceeding \$100,000.

**Article II, Section 24 of the Tennessee Constitution provides that: No law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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